

# **ANNUAL FINANCIAL REPORT**

## **CENTRAL VALLEY PROJECT IMPROVEMENT ACT Public Law 102-575, Title XXXIV**

### **Revenues and Expenditures for the Periods:**

**October 1, 2005 - September 30, 2006 (Actual)**

**October 1, 2007 - September 30, 2008 (Projected)**

**September 2007**

**Bureau of Reclamation  
United States Department of the Interior**

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# CENTRAL VALLEY PROJECT IMPROVEMENT ACT ANNUAL FINANCIAL REPORT

## SUMMARY

Subsection 3407(f) of the Central Valley Project Improvement Act (Title XXXIV of Public Law 102-575) requires an annual financial report to the Senate Committee on Energy and Natural Resources, the Senate Committee on Appropriations, the House Committee on Natural Resources, and the House Committee on Appropriations. The annual financial report describes all Restoration Fund revenues (receipts) and expenditures (uses) during the prior fiscal year and projected Restoration Fund revenues and expenditures during the next upcoming fiscal year.

This report is the fourteenth annual financial report prepared pursuant to Subsection 3407(f) of the Central Valley Project Improvement Act (CVPIA) and covers fiscal year 2006 actual revenues and expenditures and fiscal year 2008 projected revenues and expenditures. For purposes of this report, revenues are actual collections processed. Schedules 1 through 4 provide summary information on fiscal year 2006 Restoration Fund revenues and expenditures. Schedules 5 through 8 provide summary information on fiscal year 2008 Restoration Fund projected revenues and expenditures.

This report does not include the Water and Related Resources Appropriations Account or State of California cost share funding. These two funding sources are in addition to the Restoration Fund, and with the Restoration Fund compose the annual CVPIA program. Each funding source is considered in allocating the Restoration Fund to individual CVPIA activities, and CVPIA funding is in turn coordinated with the CALFED Bay-Delta Program to best ensure compatibility with and to complement CALFED initiatives. Overlapping CVPIA and CALFED areas are integrated as a way of using the strengths of both programs to maximize performance and meet program objectives. It is anticipated that these processes will result in a broad-based ecosystem management strategy wherein all parties join together in a partnership in their efforts toward mitigation and restoration of the environment.

### Fiscal Year 2006

Fiscal year 2006 Restoration Fund revenues totaled \$54.9M. Fiscal year 2006 Restoration Fund expenditures totaled \$45.8M. The balance in the Restoration Fund at the end of fiscal year 2006 was carried over into the fiscal year 2007 program. Schedule 1 summarizes fiscal year 2006 Restoration Fund revenues and expenditures. Schedules 2 and 3 provide detailed information on fiscal year 2006 revenues, including power payments and water (irrigation, and municipal and industrial) payments by water service area. Schedule 4 lists the fish and wildlife restoration activities funded during fiscal year 2006 and the amounts attributable to each activity.

### Fiscal Year 2007

Fiscal year 2007 Restoration Fund revenues are projected to be \$41,556,000. Expenditures for this period are projected to be approximately equal to the revenues received. Detailed fiscal year 2007 information will be in the next annual financial report.

## Fiscal Year 2008

Fiscal year 2008 Restoration Fund revenues are projected to be \$59,122,000. Schedule 5 shows the projected revenue sources for fiscal year 2008 by authorizing subsection of the CVPIA. Restoration Fund revenue projections are determined by applying the applicable restoration fund rate to the estimated project water deliveries to be sold. Project Water delivery projections are updated annually under the Central Valley Project's Irrigation and M&I water ratesetting policies.

The Friant Division Surcharge rate for fiscal year 2008 remains at \$7 per acre-foot. Tiered water rates specified in the contracts for delivered project water are based on percentages of contractor's total project water entitlements and the difference between full cost and cost of service rates. Congress directed in the CVPIA use of 1992 dollars as the basis for several sources of revenues collected into the Restoration Fund. It was determined that the Consumer Price Index Urban (CPIU), developed and updated monthly by the Bureau of Labor Statistics within the Department of Labor, was appropriate to use when indexing collections to 1992 dollars. The M&I Surcharge rate equates to a 1992 CPIU indexed rate of \$25 per acre-foot of project water subject to this charge. The restoration payment rates for project water equate to a 1992 CPIU indexed rate of \$6 per acre-foot for irrigation water and \$12 per acre-foot for M&I water. These CPIU indexed rates are adjusted annually at the start of each fiscal year. No other Restoration Fund revenues are projected for fiscal year 2008.

The fiscal year 2008 Restoration Fund appropriation of \$51,622,000 is shown in schedule 8. The schedule lists the fish and wildlife restoration activities projected to be funded during the fiscal year and the amounts attributable to each activity.

**Central Valley Project Improvement Act  
Restoration Fund Revenues and Expenditures  
for Fiscal Year 2006**

**REVENUES**Non-Discretionary Revenues

Pre-Renewal Charges (Subsection 3404(c)(3))	\$0
Tiered Water Revenues (Subsection 3405(d))	308,278
Water Transfer Revenues (Subsection 3405(a)(1)(B))	0
Friant Division Surcharges (Subsection 3406(c)(1)) -- See Schedule 2	10,645,287
M&I Surcharges (Subsection 3407(d)(2)(A))	<u>0</u>
Subtotal - Non-Discretionary Revenues	\$10,953,565

Discretionary Revenues

Restoration Payments (Subsection 3407(c) & (d)) -- See Schedule 3	43,918,000
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Contributions

Non-Federal Contributions (Subsection 3407(a))	<u>0</u>
Total Restoration Fund Revenues	<u><u>\$54,871,565</u></u>

**EXPENDITURES**

Expenditures (Subsections 3406 & 3408) -- See Schedule 4	45,770,079
Expenditure of Non-Federal Contributions	<u>0</u>
Total Restoration Fund Expenditures	<u><u>\$ 45,770,079</u></u>

<b>Net Increase/Decrease (Revenues less Expenditures)</b>	<u><u>\$9,101,486</u></u>
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Central Valley Project Improvement Act  
 Friant Division Surcharges (Subsection 3406(c)(1))  
 for Fiscal Year 2006

WATER REVENUES (\$)				
SERVICE AREA		IRRIGATION	M&I	TOTAL
FRIANT-KERN CANAL		\$8,568,783	\$699,335	\$9,268,118
CROSS VALLEY CANAL	1/	(147,595)	0	(147,595)
MADERA CANAL		1,457,169	0	1,457,169
FRIANT DAM		67,207	371	67,578
MENDOTA POOL		0	0	0
SAN LUIS CANAL	2/	0	16	16
Total		\$9,945,564	\$699,722	\$10,645,287

1/ Revenue was incorrectly posted to wrong contract and delivery service area.

2/ Revenue was incorrectly posted as Friant revenue. Revenue should have been recognized as Restoration M&I.

Central Valley Project Improvement Act  
Restoration Payments (Subsection 3407(c) & (d))  
for Fiscal Year 2006

<u>SERVICE AREA</u>	<u>WATER REVENUES (\$)</u>		
	<u>IRRIGATION</u>	<u>M&amp;I</u>	<u>TOTAL</u>
<b>FOLSOM</b>			
Folsom Dam & Reservoir	\$66,749	\$841,376	\$908,125
Folsom-South Canal	187,199	78,669	265,868
Sugar Pine Dam & Reservoir	0	16,951	16,951
Sly Park Dam & Reservoir	22,254	276,226	298,480
Total Folsom	276,202	1,213,222	1,489,424
<b>TRACY</b>			
Contra Costa Canal	0	1,381,993	1,381,993
Delta-Mendota Canal	1,792,627	48,143	1,840,770
San Luis Canal-Tracy	836,081	228,459	1,064,540
New Melones Dam & Reservoir	0	122,199	122,199
San Felipe Unit	(59,500)	1,811,298	1,751,798
Total Tracy	2,569,208	3,592,092	6,161,300
<b>FRESNO</b>			
San Luis Canal-Fresno	7,368,904	235,433	7,604,337
Friant Dam	78,018	927	78,945
Friant-Kern Canal	9,533,259	1,410,202	10,943,461
Cross Valley Canal	(126,515)	0	(126,515)
Madera Canal	1,828,001	0	1,828,001
Delta-Mendota Pool	274,992	0	274,992
Buchanan Unit	197,760	0	197,760
Hidden Unit	194,040	0	194,040
Total Fresno	19,348,461	1,646,562	20,995,023
<b>SHASTA</b>			
Clear Creek Unit	0	38,705	38,705
Shasta Dam & Reservoir	0	33,463	33,463
Spring Creek Conduit	0	79,979	79,979
Cow Creek Unit	0	2,391	2,391
Toyon Pipeline	0	57,734	57,734
Sacramento River - Shasta	3,919	60,889	64,808
Total Shasta	3,919	273,161	277,081

**Central Valley Project Improvement Act  
Restoration Payments (Subsection 3407(c) & (d))  
for Fiscal Year 2006**

<u>WATER REVENUES (\$)</u>			
<u>SERVICE AREA</u>	<u>IRRIGATION</u>	<u>M&amp;I</u>	<u>TOTAL</u>
WILLOWS			
Corning Canal	0	0	0
Tehama-Colusa Canal	0	6,877	6,877
Black Butte Dam & Reservoir	0	2,609	2,609
Colusa Basin Drain	0	0	0
Feather River	19,049	0	19,049
Sacramento River - Willows	1,389,799	88,567	1,478,367
Total Willows	1,408,849	98,054	1,506,902
 Total Restoration Payments Irrigation and M&I	 \$23,606,639	 \$6,823,090	 \$30,429,729
  Restoration Payment - Irrigation	  \$23,606,639		
Restoration Payment - M&I	6,823,090		
Restoration Payment - Power	13,488,271		
Total	\$43,918,000		



**Central Valley Project Improvement Act  
Expenditures for Fiscal Year 2006**

<u>FISH AND WILDLIFE RESTORATION ACTIVITIES</u>	<u>SUBSECTION</u>	<u>AMOUNT (\$)</u>
Habitat Restoration, Improvement, & Acquisition		
Anadromous Fish Program	3406(b)(1)	4,863,050
Other CVP Impacts	3406(b)(1) Other	1,917,559
Dedicated Project Yield	3406(b)(2)	2,016,293
Water Acquisition	3406(b)(3)	12,051,712
Flow Fluctuation Study	3406(b)(9)	58,442
Trinity River Restoration	3406(b)(23)	960,413
San Joaquin River Basin Resource Mgmt	3406(c)(1)	700,730
San Joaquin Basin Action Plan	3406(d)	4,200,693
Refuge Water Supply/Conveyance	3406(d)(1)(2)(5)	6,613,672
Ecosystem/Water Operations Study	3406(g)	3,758,599
Land Retirement	3408(h)	1,713,933
Other Fish and Wildlife Restoration Activities		
Tracy Pumping Plant & Fish Test Facility	3406(b)(4)	4,139
Coleman Fish Hatchery	3406(b)(11)	12,532
Clear Creek Restoration	3406(b)(12)	759,309
Riparian Habitat	3406(b)(13)	434,049
CVP Project Assessment/Monitoring Program	3406(b)(16)	320,127
Anadromous Fish Screen Program	3406(b)(21)	5,384,826
Total Expenditures Fiscal Year 2006		<u>\$45,770,079</u>

**Central Valley Project Improvement Act  
Projected Restoration Fund Revenues and Expenditures  
for Fiscal Year 2008**

**REVENUES**

Pre-Renewal Charges (Subsection 3404(c)(3))	1/	\$0
Tiered Water Revenues (Subsection 3405(d))		300,000
Water Transfer Revenues (Subsection 3405(a)(1)(B))		0
Friant Division Surcharges (Subsection 3406(c)(1)) -- See Schedule 6		7,500,000
M&I Surcharges (Subsection 3407(d)(2)(A))	2/	1,000
Restoration Payments (Subsection 3407(c) & (d)) -- See Schedule 7		51,321,000
Contributions		
Non-Federal Contributions (Subsection 3407(a))	3/	<u>0</u>
Total Projected Restoration Fund Revenues		<u><u>\$59,122,000</u></u>

**EXPENDITURES**

Expenditures (Subsections 3406 & 3408) -- See Schedule 8	<u>\$51,622,000</u>
<b>Net Increase/Decrease (Revenues less Expenditures)</b>	<u><u>\$7,500,000</u></u>

1/ Pre-Renewal Charges of less than \$1,000 from one contractor (Elk Creek CSD) are expected.

2/ M&I Surcharges have been about \$1,000 per year and are expected to continue at this rate.

3/ Non-Federal Contributions (Subsection 3407(a)) are not projected until a historic basis for projecting such receipts is available.

**Central Valley Project Improvement Act  
Projected Friant Division Surcharges (Subsection 3406(c)(1))  
for Fiscal Year 2008**

<u>WATER REVENUES (\$)</u>			
<u>SERVICE AREA</u>	<u>IRRIGATION</u>	<u>M&amp;I</u>	<u>TOTAL</u>
FRIANT-KERN CANAL	\$6,122,498	\$451,619	\$6,574,117
MADERA CANAL	924,056	0	924,056
FRIANT DAM	0	1,827	1,827
Total	<u>\$7,046,554</u>	<u>\$453,446</u>	<u>\$7,500,000</u>

**Central Valley Project Improvement Act  
Projected Restoration Payments (Subsection 3407(c) & (d))  
for Fiscal Year 2008**

WATER REVENUES (\$)			
<u>SERVICE AREA</u>	<u>IRRIGATION</u>	<u>M&amp;I</u>	<u>TOTAL</u>
<b>FOLSOM</b>			
Folsom Dam & Reservoir	\$0	\$766,632	\$766,632
Folsom-South Canal	0	736,683	736,683
Sugar Pine Dam & Reservoir	1,572	17,452	19,024
Sly Park Dam & Reservoir	43,656	314,143	357,799
Total Folsom	45,228	1,834,910	1,880,138
<b>TRACY</b>			
Contra Costa Canal	0	1,496,735	1,496,735
Delta-Mendota Canal	1,899,036	194,280	2,093,316
San Luis Canal-Tracy	1,202,225	12,426	1,214,651
New Melones Dam & Reservoir	0	0	0
San Felipe Unit	352,592	1,825,957	2,178,549
Total Tracy	3,453,853	3,529,398	6,983,251
<b>FRESNO</b>			
San Luis Canal-Fresno	7,134,115	229,028	7,363,143
Friant Dam	0	4,555	4,555
Friant-Kern Canal	5,052,117	1,125,976	6,178,093
Cross Valley Canal	441,196	16,981	458,177
Madera Canal	1,152,588	0	1,152,588
Delta-Mendota Pool	341,975	0	341,975
Buchanan Unit	209,549	0	209,549
Hidden Unit	209,549	0	209,549
Total Fresno	14,541,089	1,376,540	15,917,629
<b>SHASTA</b>			
Clear Creek Unit	0	33,805	33,805
Shasta Dam & Reservoir	0	35,184	35,184
Spring Creek Conduit	0	91,573	91,573
Cow Creek Unit	0	55,830	55,830
Toyon Pipeline	0	43,858	43,858
Sacramento River - Shasta	35,038	175,068	210,106
Total Shasta	35,038	435,318	470,356

**Central Valley Project Improvement Act  
Projected Restoration Payments (Subsection 3407(c) & (d))  
for Fiscal Year 2008**

WATER REVENUES (\$)			
<u>SERVICE AREA</u>	<u>IRRIGATION</u>	<u>M&amp;I</u>	<u>TOTAL</u>
WILLOWS			
Corning Canal	0	0	0
Tehama-Colusa Canal	10,827	2,792	13,619
Black Butte Dam & Reservoir	175	1,134	1,309
Colusa Basin Drain	305,592	0	305,592
Feather River	130,968	0	130,968
Sacramento River - Willows	1,578,234	0	1,578,234
Total Willows	<u>2,025,796</u>	<u>3,926</u>	<u>2,029,722</u>
Total Restoration Payments Irrigation and M&I	<u>\$20,101,004</u>	<u>\$7,180,092</u>	<u>\$27,281,096</u>
Restoration Payment - Irrigation	\$20,101,004		
Restoration Payment - M&I	7,180,092		
Restoration Payment - Power	24,039,904		
Total	<u>\$51,321,000</u>		

**Central Valley Project Improvement Act  
Projected Expenditures for Fiscal Year 2008**

<u>FISH AND WILDLIFE RESTORATION ACTIVITIES</u>	<u>SUBSECTION</u>	<u>AMOUNT (\$)</u>
Habitat Restoration, Improvement, & Acquisition		
Anadromous Fish Program	3406(b)(1)	\$4,500,000
Other CVP Impacts	3406(b)(1) Other	1,500,000
Dedicated Project Yield	3406(b)(2)	800,000
Water Acquisition	3406(b)(3)	12,790,000
Flow Fluctuation Study	3406(b)(9)	50,000
Trinity River Restoration	3406(b)(23)	1,000,000
San Joaquin River Basin Resource Mgmt	3406(c)(1)	2,000,000
Refuge Water Supply/Conveyance	3406(d)(1)(2)(5)	16,600,000
Ecosystem/Water Operations Study	3406(g)	4,850,000
Land Retirement	3408(h)	1,000,000
Other Fish and Wildlife Restoration Activities		
Clear Creek Restoration	3406(b)(12)	800,000
Spawning Gravel / Riparian Habitat	3406(b)(13)	1,000,000
CVP Project Assessment/Monitoring Program	3406(b)(16)	300,000
Anadromous Fish Screen Program	3406(b)(21)	<u>4,432,000</u>
Total Projected Expenditures Fiscal Year 2008		<u><u>\$51,622,000</u></u>